

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 AGRE-00 CEA-01 COME-00 EB-08 FRB-03
INT-05 LAB-04 CTME-00 AID-05 STR-07 ITC-01 SOE-02
OMB-01 DOE-15 ACDA-12 NRC-05 /158 W
-----003697 140307Z /64

R 140241Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7663
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY OTTAWA
USMISSION GENEVA
USMISSION USBERLIN
DEPARTMENT TREASURY

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USMTN

E. O. 11652: N/A
TAGS: EGEN, EFIN, GW, EEC
SUBJ: CHANCELLOR'S APRIL 13 BUNDESTAG ADDRESS--EUROPE

REF: BONN 6772

1. SUMMARY: IN THE SECTION OF HIS SPEECH ENTITLED
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"EUROPE", THE CHANCELLOR OUTLINED THE RESULTS OF THE
EUROPEAN COUNCIL MEETING IN COPENHAGEN INCLUDING A
SHORT STATEMENT ON THE NON-PROLIFERATION ACT. IN
DESCRIBING THE ECONOMIC DISCUSSIONS IN COPENHAGEN,
SCHMIDT TWICE SINGLED OUT THE FALL OF THE DOLLAR AS
AN IMPEDIMENT TO INTERNATIONAL ECONOMIC GROWTH. WITHOUT
NAMING THE U.S., HE SAID THAT EFFORTS TO DECREASE

DEPENDENCY ON IMPORTED OIL MUST ALSO BE MADE BY PARTNERS OUTSIDE OF THE E.C. HE CONCLUDED THE "EUROPE" SECTION BY LISTING THE UPCOMING MEETINGS AND SAYING THAT THE FRG ATTACHES HIGH SIGNIFICANCE TO THE VISIT OF THE PRESIDENT. SUMMARY OF "EUROPE" SECTION FOLLOWS. END SUMMARY.

2. EUROPEAN PARLIAMENT: SCHMIDT MENTIONED WITH "GREAT SATISFACTION" THE AGREEMENT REACHED ON JUNE 7 TO 10, 1979 AS THE DATE OF DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT. HE DESCRIBED THIS AS A WAY TOWARDS A NEW PHASE IN THE LIFE OF THE EC AND EXPRESSED THE HOPE THAT THE PARLIAMENT WILL BECOME A MEANS FOR ACCELERATING THE PROCESS OF UNIFICATION IN EUROPE.

3. ECONOMIC ASPECTS: THE CHANCELLOR EMPHASIZED THAT THE EC IS CLOSELY INTEGRATED IN THE WORLD ECONOMY IN ALL SECTORS AND THAT IT IS ENDEAVORING TO REDUCE TRADE BARRIERS AND TO FEND OFF NEW PROTECTIONISM. THE EC CANNOT AND DOES NOT WISH TO PURSUE AN ECONOMIC POLICY AS IF IT WERE ALONE IN THE WORLD. INFLATION AND UNEMPLOYMENT CAN ONLY BE CURED AND HIGHER GROWTH ONLY ACHIEVED IF THERE IS WORLDWIDE GROWTH. "THE EFFECTS OF THE RECENT WEAKNESS OF THE DOLLAR ON EXCHANGE RATES AND THE IRRITATION ARISING FROM IT ON THE WORLD ECONOMIC SYSTEM AS A WHOLE HAVE ONCE AGAIN LIMITED OFFICIAL USE

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REMINDED US THAT THIS CAN BE DONE ONLY IN COOPERATION WITH ALL WORLD ECONOMIC PARTNERS".

4. ADMITTING THAT NONE OF THE HEADS OF GOVERNMENT PRESENT IN COPENHAGEN WAS ABLE TO PRESENT AN ALLROUND PRESCRIPTION, SCHMIDT REITERATED THAT COMMON CONSIDERATIONS WERE NECESSARY TO IMPROVE THE UNSATISFACTORY SITUATION IN THE EC. HE MENTIONED THAT A GOAL OF A 4.5 PERCENT ANNUAL GROWTH RATE WAS CITED IN COPENHAGEN, WHICH THE EC AS A WHOLE IS TO REACH BY MID-1979.

5. HE ADDED, HOWEVER, THAT THE FRG HAS NOT COMMITTED ITSELF TO ACHIEVING UNREALISTIC NATIONAL GROWTH TARGETS SINCE SUCH COMMITMENTS "EASILY LEAD TO UNNECESSARY DISAPPOINTMENT". EVERY MEMBER STATE IS TO CONTRIBUTE TO ECONOMIC REVIVAL WITHIN THE FRAMEWORK OF ITS NECESSITIES AND POSSIBILITIES. TO STRENGTHEN THE INSTRUMENTS FOR COMMUNITY DIRECT AND INDIRECT SUPPORT OF NATIONAL MEASURES, THE COPENHAGEN SUMMIT AGREED TO DOUBLE THE CAPITAL OF THE EUROPEAN INVESTMENT BANK.

6. SCHMIDT STATED THAT THE EUROPEAN COUNCIL ALSO TOUCHED ON MONETARY ISSUES. ALL PARTICIPANTS EXPRESSED CONCERN ABOUT THE WEAKNESS OF THE DOLLAR AND THE DANGERS TO ECONOMIC REVIVAL RESULTING FROM THE INSTABILITY. "WE AGREED THAT WE CANNOT AFFORD SUCH A FLUCTUATION OF EXCHANGE RATES OVER A LONGER PERIOD".

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7. ENERGY POLICY: REGARDING ENERGY POLICY, THE COUNCIL EMPHASIZED, ACCORDING TO SCHMIDT, THAT OIL IMPORT DEPENDENCE MUST BE REDUCED THROUGH INCREASED EFFORTS AT

ALL LEVELS. "THIS APPLIES TO STATES OF THE COMMUNITY AS WELL AS TO ITS PARTNERS OUTSIDE", HE ADDED.

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8. COMING MEETINGS: WITH REGARD TO THE FORTHCOMING ECONOMIC SUMMIT IN BONN IN JULY, SCHMIDT POINTED TO THE PREPARATORY EC MEETING IN BREMEN ON JULY 6 AND 7 AT WHICH THE EC POSITION WILL BE FINALIZED. THE FEDERAL GOVERNMENT AND THE OTHER MEMBER STATES WANT TO ASSURE THAT THE TALKS AT THE SUMMIT WILL LEAD TO CLOSER COORDINATION OF ECONOMIC AND MONETARY POLICIES OF THE PARTICIPANTS. HE FELT SURE THAT A NUMBER OF ISSUES OF WORLD POLICY WILL BE DISCUSSED, TO SOME EXTENT IN BILATERAL TALKS. IN THIS CONNECTION HE POINTED OUT THAT "WE ATTRIBUTE HIGH IMPORTANCE TO THE VISIT OF THE US PRESIDENT TO THE FRG".

9. NON-PROLIFERATION ACT: THE CHANCELLOR ALSO MADE A BRIEF STATEMENT ON THE NON-PROLIFERATION ACT WHICH, HE SAID, WAS DISCUSSED "MARGINALLY" IN COPENHAGEN. AFTER A SHORT INTRODUCTORY REMARK ON THE BACKGROUND SCHMIDT SAID THAT THE FRG AND OTHER EC PARTNERS WOULD HAVE BEEN WILLING TO COMMUNICATE TO THE US THEIR READINESS TO ENTER INTO DISCUSSIONS, BUT OTHER PARTNERS WERE NOT. HE REFERRED TO THE RECENT VISIT OF FOREIGN MINISTER GENSCHER TO WASHINGTON AND TO THE CONSENT REACHED AT THE LONDON ECONOMIC SUMMIT LAST MAY AMONG THE HEADS OF GOVERNMENT BEFORE HE CONCLUDED: "I AM CONVINCED THAT -- WITH DUE CONSIDERATION OF THE AGREEMENT REACHED WITH REGARD TO THE (INFCE) PROGRAM -- WE WILL SOON COME TO AN AGREEMENT WITH THE AMERICAN SIDE ON PROCEDURAL MATTERS. THESE ARE TALKS AMONG FRIENDS AND ALLIES AND THERE IS NO REASON FOR DRAMATIZING THE ISSUE".
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN06871
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780160-0150
Format: TEL
From: BONN USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780458/aaaabwxc.tel
Line Count: 209
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1154a1b0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BONN 6772
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2971070
Secure: OPEN
Status: NATIVE
Subject: CHANCELLOR'S APRIL 13 BUNDESTAG ADDRESS--EUROPE
TAGS: EGEN, EFIN, GE, EEC, (SCHMIDT, HELMUT)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1154a1b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014